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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Lowell W. Paxson / Chairman

January 2, 2001

Commissioner Michael K. Powell
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

EX PARTE OR LATE FILED

Dear Commissioner Powell:

On January 20, 2001, George W. Bush will become the Nation's 43rd President and the Federal Communications Commission will have a Republican Chairman for the first time in many years. There are a number of pending proceedings and unresolved issues that need to be immediately addressed by the FCC as well as existing rules that are no longer necessary in the public interest as the result of the new competitive environment.

I know that you will be deluged with requests for priority action on many of these items and I enclose for your thoughtful review a list of 11 matters on which the FCC should take prompt action.

As always, I remain available at your convenience to discuss any or all of these items.

Very truly yours,

Lowell W. Paxson
Chairman
Paxson Communications Corporation

Enclosure

cc(w/encl.): Chairman William E. Kennard
Commissioner Susan Ness
Commissioner Harold Furchtgott-Roth
Commissioner Gloria Tristani

WT Docket No. 99-168, CS Docket No. 98-120, ✓
MM Docket No. 00-108

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ISSUES TO BE ADDRESSED BY THE FEDERAL COMMUNICATIONS COMMISSION

The following is a list of important issues and existing rules affecting the broadcast industry that should be promptly addressed by the FCC under the new leadership of Chairman Michael K. Powell.

1. **DTV Must Carry.** The FCC's July, 1998 rulemaking on DTV must carry (CS Docket No. 98-120) should be concluded without further delay and DTV must carry rules promptly adopted by the FCC.
2. **700 MHz Spectrum Auction.** The FCC's often-delayed auction of the 700 MHz Spectrum, which is now scheduled for March 6, 2001, must not be delayed further and the FCC must issue its Report and Order in its Further Rulemaking (WT Docket No. 99-168), by January 15, 2001, establishing the final band clearing policies for broadcasters, but under no circumstances should the March, 2001 auction date be changed.
3. **Digital Construction Permits And Allotments.** The FCC should adopt a processing notice ordering that all digital construction permits for commercial television stations be granted in order to provide each commercial television station with at least an 18-month period in which to construct its facilities. In addition, the FCC must commit to processing all petitions to amend the DTV Table of Allotments within 6 months of filing and to approve all DTV modification applications in a timely manner and with an 18-month period for construction.
4. **National TV Ownership Cap.** The FCC's current 35% national television cap rule should be raised to 50%. In the June, 2000 FCC Biennial Review Report, the FCC refused to modify the 35% limit which has been in effect since passage of the 1996 Telecommunications Act. The FCC has the authority and should modify the rule (Section 73.3555(e)) to increase the cap because television stations have no more than a 15% share in any local market while cable often has as much as an 85% market share. The national television cap does not affect competition nationally and is unnecessary at the local level.
5. **Television Duopoly.** In 1999, the FCC modified its ownership rules to permit the ownership of two television stations in certain markets. In order to qualify for a television duopoly, a market must have eight voices, defined as independently-owned, commercial and non-commercial television stations. The definition of voices is too narrow and, in counting the eight voices, the FCC rule should be modified to include not only television stations but also daily newspapers, cable television systems, and group radio station owners.

6. **DTV/All Channel Receiver Act.** The FCC should use the authority granted in the 1962 All Channel Receiver Act to modify its existing rule (Section 15.117) and to adopt a requirement that all television receivers manufactured and sold after January 1, 2002, be capable of receiving digital as well as analog signals.

7. **Broadcast/Newspaper Cross-Ownership.** This 25-year old rule (Section 73.3555(d)) prohibits the common ownership of a TV station or a radio station and a daily newspaper in the same market. It should be eliminated by the FCC.

8. **Television/Cable Cross-Ownership.** While Congress eliminated the statutory prohibition on the common ownership of a television station and a cable system in the same market, there remains an FCC rule (Section 76.501) prohibiting such common ownership. This rule should be eliminated.

9. **Digital Transmission Standard.** The FCC should finally resolve the debate involving 8-VSB vs. COFDM and either establish an approved dual transmission system for digital over-the-air broadcasting or announce steps to improve the current 8-VSB system including power increases and station relocations, if necessary.

10. **DTV Receiver Compatibility Standards.** The FCC must conclude the ongoing negotiations between the set manufacturers, content holders, computer software developers and the cable industry and announce set compatibility and DTV encryption standards for digital television receivers.

11. **Dual Network Rule.** The FCC initiated a Notice of Proposed Rulemaking in June, 2000 (MM Docket No. 00-108) to modify its dual network rule and the proposed modifications should be adopted without further delay.